

## EDITORIAL

### C. P. S. - Blue Shield

CALIFORNIA PHYSICIANS' SERVICE was put together more than twenty years ago by a dedicated group of physicians who saw in the depression-bound 30's that the provision of medical services was becoming, in the minds of the people, a necessity which must be made to conform with family budgeting procedures.

In the twenty years since its founding C.P.S. has not only proved its ability to fulfill its original purpose but has demonstrated its ability and flexibility under a variety of circumstances which enable it to serve the people and the medical profession alike.

It has handled the home-town medical care problem of the Veterans' Administration for more than 13 years. It has handled the Medicare program for the dependents of service personnel since the inception of that program. It has served as fiscal agent for public welfare programs in the majority of the counties of the state. It has served as fiscal agent and underwriter for some of the local medical care programs embraced by foundations for medical care in several of the counties.

Most recently C.P.S. has emerged as the program of choice for 100,000 Californians who are federal employees and who chose the Blue Shield concept as their preferred method of providing medical and hospital care for themselves and their families.

In addition, C.P.S. has produced a medical care plan for the aged and has pioneered in a variety of empirical experiments in fields covering mental health, the aged, in-patient services and other areas.

Throughout this experience, C.P.S. has acted under the direct authority and control of the physicians of the state as represented in the House of Delegates of the California Medical Association. Its policies and directives emanate from the same body of representatives that sets policies for the 17,000 plus physicians who make up the state association.

To carry out these policies and directives, C.P.S. is managed by a Board of Trustees which includes

both physicians and lay members. The physician members of the board are elected by the C.M.A. House of Delegates, with the exception of three who are named by the C.M.A. Council from its own membership. These Councilors also are elected by the House of Delegates. The lay members of the board are chosen from the business, public and religious interests of the people of California and are subject to confirmation by the House of Delegates. It is noteworthy that these lay members have consistently been executives who enjoy a high standing in their own fields of endeavor and who are willing to contribute their time and talents as a service to the public.

Today, after two decades of experience, C.P.S. would appear to be prepared to meet all challenges and to provide all services that are in the public interest, that recognize the needs and practices of its physician members and that are actuarially sound.

In spite of this apparent position, however, we find C.P.S. beset with a number of problems which a knowledgeable observer might have expected to see solved some years back.

Details need not be gone into here, but it is obvious that many of the problems of C.P.S. stem from its owners, the physicians. Some physicians have never approved of the interjection of a third party—even their own organization—into the normal physician-patient relationship. Some have never agreed that the service principle, under which the subscriber whose income is below an established level is provided professional services rather than dollars, is a good thing. And some physicians just don't want to be bothered. One measure of the general attitude of physicians, however, is that some 14,500 of them are C.P.S. members.

Many of these physicians, of course, interpret the service concept of medical care in terms of their own practices and activities. And many of them may be suspect of ignoring or failing to keep pace with

the drastic social changes which have occurred in recent years.

Whereas twenty years ago the employer paid an agreed wage and no more, employers today are averaging about 20 per cent of their payrolls as additional costs for fringe benefits. The fringe items almost invariably include some provision for medical and hospital care.

The giant strides made by all forms of voluntary health insurance underwriting under these conditions are apparent to all. They have regularly been used to combat the proposals of the more vocal dogooders that all medical care should be made a function of government, paid for by taxation. Only the tremendous growth of the voluntary plans has stood in the way of the compulsory health insurance proposals made at both state and federal levels.

With the growing public interest and participation in the voluntary forms of health insurance has come the demand for certainty of coverage. Employers and employees alike are quick to protest when a service is provided and the physician sees fit to collect the insurance benefit and then add on an additional fee which becomes the personal responsibility of the employee. Some of this protest is reflected in the growth of the closed-panel systems which do not assess additional fees. Some of it shows up in the acceptance of indemnity programs by employee groups, accompanied by the formation of a panel of physicians in the area who agree to accept the indemnity allowances as full payment for services. In either event, it is obvious that the medical profession is being splintered.

It must be understood that only a physician, or a group of physicians such as in C.P.S., can sell medical services. The sale of these services by anyone else comes under the legal proscription against corporate medical practice. However, by combining an indemnity schedule of allowances with the agreement of individual physicians to accept these sums as payment in full, the promoters of some plans are able to drain away from the medical profession its

inherent and exclusive right to market its own services as a professional skill.

Doubtless some of today's programs of this character are experimental and possibly visionary. They may seem to offer an immediate benefit despite long-range potentialities of danger.

Now would seem to be the time for all physicians to indulge in some clear thinking, to analyze both the good and the bad features of a variety of prepayment plans and to give credit where credit is due.

If this process is followed, C.P.S. will most certainly be credited with a number of assets which other plans cannot claim. It is the doctors' own plan, subject to their wish. It is a professional, rather than a commercial plan. It has the right, by nature and by law, to offer services rather than dollars. It has the public interest at heart. And, it represents physicians in a number of dealings with government where individual efforts would be lost. It operates locally, but in combination with its counterparts in other states it forms the nationwide Blue Shield and becomes a national power where such power is needed.

It is not our purpose here to decry other forms of voluntary health insurance. It is obvious to all that in so new a field of endeavor there must be competition and that such competition is effective in producing the greatest benefit for the greatest number of people.

It is our purpose to suggest that California Physicians' Service and the Blue Shield movement have within themselves a number of features which are designed for and by physicians. It is our further purpose to suggest that all California physicians give some serious thought to the future of medical practice under evolving social mechanisms and to consider which forms of prepayment medical care insurance offer the sound features which may be counted upon to be truly representative of the medical profession in the years to come.

Surely C.P.S. will stand high in such a list, if not at the pinnacle.

